

**SUBJECT:                    Leveraging Requirements  
Policy Bulletin #18**

**EFFECTIVE DATE:   June 1, 2002**

This policy bulletin is provided to clarify the Office of Community Development's (OCD's) leveraging requirements. Specifically, it serves to eliminate references to match where the requirement is actually MSHDA imposed for the purpose of bringing other resources to the project. **Note:** This OCD modification should not be confused with HUD's match requirements for HOME Participating Jurisdictions or Emergency Shelter Grants. The remainder of this policy will identify OCD required leveraging.

**Leveraging Requirements**

Other funds brought to a project to meet a federal or MSHDA requirement, or needed to successfully complete a project, are referred to as **leveraging funds**. The four most common examples of an OCD leveraging requirement are:

- C **The local PJ leveraging requirement for nonprofits operating in a HOME PJ:** One hundred percent (100 percent) of the funds requested by the nonprofit from OCD must be leveraged or matched by the local PJ. The dollars may be federal or non-federal but must be committed by the local unit of government. The typical sources are local HOME funds, local Community Development Block Grant (CDBG) funds, or local general funds.
- C **The Homeowner Rehabilitation leveraging requirement:** Twenty-five percent (25 percent) of the funds requested and awarded to a grantee for homeowner rehabilitation activities must be leveraged from other sources. These dollars may be federal or non-federal but may not be from other OCD awarded funds. Typical sources are MSHDA Property Improvement Program (PIP) loans, Rural Development (RD) funds, Department of Energy Weatherization funds, MSHDA Replacement Housing Program (RHP) funds, Federal Home Loan Bank (FHLB) funds, or homeowner funds.

**Note:** Program income is not a source of leveraging; however, funds leveraged with CDBG Program Income dollars can be counted as leverage.

**To count other funding as "leveraging" there must be some OCD funds or CDBG Program Income funds for rehabilitation hard costs in the project. If the OCD dollars are HOME funds, there must be at least \$1,000 of OCD money in the project. There is no minimum dollar amount required for CDBG or MSHDA (state) funds in the project. Projects funded 100 percent with MSHDA PIP or RHP do qualify to meet the leveraging requirement, if the Grantee is the MSHDA RHP or PIP Agent that processes the loan.**

**NOTE:** MSHDA OCD implemented in June of 2000, a financial incentive to leverage other resources with OCD funds for homeowner rehabilitation. This incentive is outlined in OCD Policy Bulletin #21 (Eligible Administrative Expenses).

**Additional funds For counties exceeding leverage requirements** – Counties that receive a CDBG Allocation from MSHDA may be eligible for an increase in their base allocation (allocation is based on population of county) if they significantly exceed the 25 percent leverage requirement for their homeowner rehabilitation activity. The amount of funds for increases will vary by year based on the availability of funds.

- C **The Rental Rehabilitation leveraging requirement:** For rental rehab activities, the property owner is required to bring to the table at least:

- Twenty-five percent of the total project cost when tenant household incomes do not exceed 60 percent of the area median income (AMI). (Requirement for all HOME-assisted projects.); or
- 9 Fifty percent of the total project cost when tenant household incomes do not exceed 80 percent of the AMI. (Generally, a requirement for all CDBG-assisted projects.); or
- 9 In an approved Neighborhood Preservation Program (NPP) area, Downtown Revitalization area, or other targeted area (e.g., Empowerment Zones, Renaissance Zones, or Enterprise Communities), MSHDA will consider a 25 percent leveraging requirement from the property owner when assisting tenant households with incomes not exceeding 80 percent of the AMI. (Please refer to Policy Bulletin #16 for additional clarification on eligible recipient/tenant household incomes.)

Typical sources are MSHDA PIP funds, private lender funds, or the property owner's own funds.

- C **The Homeless Assistance leveraging requirement:** One hundred percent (100 percent) of funds requested from OCD must be leveraged from another non-OCD source. This leveraging may include “development” related donated labor and materials.

**Note:** OCD will award non-federal funds under the Rental Development Component to help *meet* HUD's match requirement under the HUD Supportive Housing Program. Federal funds awarded from OCD **would not meet** HUD's match requirement.

Should you have any questions, contact your Community Development (CD) Specialist.